

A Study on Corporate Social Responsibility Practices amongst Business Organisations in Malaysia

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INTRODUCTION

Corporate social responsibility (CSR) has emerged as a form of sustainability governance with advantages to the economic, environment and social progress. According to a study by ACCA Malaysia in 2004, there was only 43% of companies had reported to some extent in the social performance while 26% were pending to do so in future and most CSR commitment was expressed in terms of charity (Mallenbaker.net 2006). This shows that current awareness on CSR has increased among organisations in Malaysia. Therefore, this research aims to analyse the extent of CSR practices among different types of organisation and industries in Malaysia.

Background

Sustainable development is an idea of ensuring better quality of life which aims to protect environment, enhance social progress, use natural resources prudently and maintain high and stable economic growth. CSR is believed to have a significant influence on corporate sustainability. In the business context, CSR has emerged as a form of sustainability governance with advantages to the economic, environment and social progress. In terms of governance through policy implementation, CSR can be practiced in a strategic manner with better understanding. Policy framework can be designed using a mixture of regulations, economic instruments and communication strategies which significantly affects the environmental and social impacts from corporate activities. This might influence the level of corporate sustainability. Companies are aware that they can contribute to sustainable development by managing their operations in such a way by enhancing economic growth and increasing competitiveness besides protecting environment and committed to social responsibilities. Hence, sustainability in business could not be achieved solely by profit maximisation but through responsible behaviour and market orientation.

In developing country like Malaysia, the importance of CSR has been recognised by most corporations to ensure long-term business success. CSR can be adopted within company's policies, strategies, programmes and commitments toward social and environment.

Organisation must now evaluate CSR projects in light of their ability in producing not only social benefits to the community but also economic benefits and thereby, ensuring value for stockholders. By having social responsibilities, suppliers, business associates, and customers would have more confidence in the organisation and therefore, increases sales and lead to profit maximisation. Thus, larger organisation may have extra resources for undergoing CSR activities and having bigger impact onto society. Industry which has inverse impact on environment and society will be more concern for CSR in order to sustain their business operations (Haniffa & Cooke 2005; Jenkins & Yakovleva 2006). The question is: Does organisation differ in the extent of CSR practices by listing status, nature of industries and size of organisation? This research will also close the gap by analysing current situations using past literature in comparing CSR practices

among organisations based on four different types of organisations in Malaysia, which was previously involved only two types of organisations; government-linked and multinational. This research includes other types of organisation, i.e. local Malaysian organisation and small and medium-sized enterprises (SME).

Objectives of Study

The objectives of the research are as follows:

- 1) To analyse the extent of CSR practices in terms of environmental and social dimensions among government-linked organisations (GLC), multinational corporations (MNC), other local Malaysian organisations (NC) and small and medium-sized enterprise (SME) in Malaysia.
- 2) To gauge on the relationship between size of organisation and the extent of CSR practices.

LITERATURE REVIEW

The concept and framework of CSR has been established by the European Union in relation to promote the CSR to the business society and environment. Corporate social responsibility refers to “the firm’s consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm... (to) accomplish social benefits along with the traditional economic gains which the firms seeks.”(Husted 2003).

CSR as defined by European Commission (2001) is “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” following increasingly aware that responsible behaviour leads to sustainable business success. CSR is about managing change at company level in a socially responsible manner which can be viewed in two different dimensions:

- a) Internal – socially responsible practices that mainly deal with employees and related to issues such as investing in human capital, health and safety and management change, while environmentally responsible practices related mainly to the management of natural resources and its usage in production.
- b) External – CSR beyond the company into the local community and involves a wide range of stakeholders such as business partners, suppliers, customers, public authorities and NGOs that representing local communities as well as environment.

A company should focus on areas such as economic, environmental and social when developing sustainability strategy (Szekely & Knirsch 2005). Sustainability strategy development can be based on legitimacy, economic and social theories. These theories explain social disclosures pattern by organisations (Haniffa & Cooke 2005). Thus, CSR practices can be based on the these three strategies.

Legitimacy theory is whereby corporate social disclosures were motivated by the corporate need to legitimise activities (Hogner 1982). This is where corporate management will react to community expectations (Guthrie & Parker, 1989). Thus, companies are expected to carry out activities that are acceptable by the community. Legitimacy also implies that companies will take cautious to ensure their activities and performance acceptable to the community given a growth in community awareness (Wilmshurst & Frost 2000). Corporate social disclosure can be used to

appease some of the concerns of the relevant publics and also as a proactive legitimation strategy to obtain continued inflows of capital and to please ethical investors (Haniffa & Cooke 2005). However, Guthrie and Parker (1989) failed to confirm legitimacy theory as an explanation for societal disclosures in their longitudinal study of BHP, an Australian mining and manufacturing company.

Economic theory reflects the degree of association of CSR and financial performance by taking consideration of cost-related advantages, market advantages and reputation advantages (Chamhuri & Wan Noramelia 2004). In the business, CSR is concerned with employment, lifelong learning, consultation and participation of workers, equal opportunities and integration of people towards restructuring and industrial change. Basically, the formation of policies is influenced by the authority employment strategies, the initiative on social responsible restructuring, the initiatives to promote quality and diversity in the workplace and health and safety strategy.

The social issues include the benefits offered in terms of training related to safety, health and environment, donations, education scheme, medical benefits and others. (Chamhuri & Wan Noramelia 2004). Environmental issues emphasize on preserving and conserving natural resources such as conducting recycling activities, noise reduction action plan to pursue noise improvement initiatives, water and process treatment and compliance with authority regulations and requirements. Many enterprises recognised the importance of their responsibilities towards the environment and take them seriously by setting targets for continually improving their performance. Policies are developed in accordance efforts such as minimising the consumption of natural resources including energy, water and other raw materials, phasing out the use of ozone depleting substances in buildings, reducing waste produced, encouraging recycling and minimising the use of landfill sites while ensuring the compliance with all relevant legislation. Besides, it might also involve regular review of transport operations that improves efficiency and reduces its environmental impact, liaising with suppliers to develop environmental best practices in supply chain, promoting the recycling of raw materials, encouraging staff to support initiatives towards local, national or global environment in a positive way, raising and maintaining staff awareness of such policies, ensuring that employees are engaged in supporting resulting practices, measuring, monitoring and reporting on the key aspects of environmental performance and regularly reviewing the progress against targets. Environmental performance can be achieved by implementing environmental management system (EMS) by organisations. EMS is a set of processes and practices that enable an organisation to reduce its environmental impacts and increase its operating efficiency (U.S. EPA 2006).

Organisations also have a range of impacts on the communities within which they operate and in at least some measures, disclosed these issues in their own CSR reports and information. CSR social activities may include charitable contributions to local and national organisations such as fundraising, donations and gifts in areas where it trades and others like regeneration of deprived communities, reclamation of derelict land and creation of new regeneration jobs. Development of strategies and programmes on social and environmental issues enabled firms to gain close relationship with community. Firms could take initiatives by conducting campaigns, seminars, workshops and giving donation to the society. This way enables a company to meet its CSR commitment and indirectly acts as a marketing and promotional strategy. As the result, higher market share can be obtained, which lead to higher revenues from larger sales. The CSR's policy implementation in business can also be influenced by fair commercial practices such as advertising, aggressive marketing and after-sales services between businesses and customers. Policies, strategies and programmes that are associated with social activities can be used to indicate the level of CSR's commitment of an organisation.

Organisations too, need to meet the customer's demand and expectations. Today, buying behaviour is changing whereby consumers have increasingly required information and reassurance interests on the environmental and social concerns. As to maintain good relationship and attract more customers, enterprises are taking initiatives to fulfil the demand of providing such information. For instance, eco-labelling is a way of communicating organisation's social responsibility to public.

Besides, CSR is also concerned with employment, lifelong learning, consultation and participation of workers, equal opportunities and integration of people towards restructuring and industrial change. Employees who feel protected and appreciated will increase their productivity in production and thus, achieving economies of scale.

From Philanthropy to Corporate Responsibility

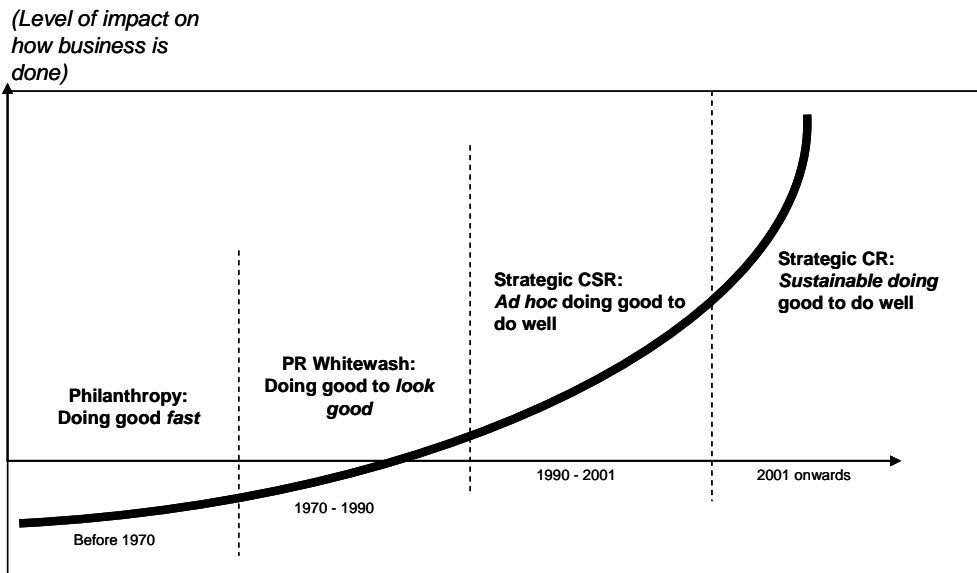
The practices of philanthropy has been evolved from the day business existed in this world until today. The main reason for a company to exist is to create profit. Making profits are nothing wrong but the way used to derive such profits are of concerned.

Before 1970, basically, corporate share its profit with the community through philanthropic activity. In other word, CSR is after-profit obligation. If let say, companies are not profitable they do not have to behave responsibly. This impact is even worse during severe economic depression or when an organisation is managed by unethical, short-term thinking managers that would lead to societies having no choice and accepting discrimination, child labour, pollution and dangerous working conditions. Another debate arises in this approach is if companies are just being good and donating a lot of money to social initiatives then they will be wasting shareholders' money. That is not sustainable in the long-run, and shareholders will quickly lose interest.

Thus, during 1970 to 1990, organisation had shifted from sharing profits with the community as a soft approach of philanthropy to the hard approach by using philanthropy for the purpose of profit-making. CSR is perceived as a public relation tool in improving an organisation image and performance. CSR is also performed for mitigating adverse impacts of an organisation onto environment and society such as those in the oil and gas industry.

While philanthropy does little or nothing to help companies make profits, CSR activities are linked to improving a company's bottom line. Therefore, during 1990 to 2001 period, embedding socially responsible principles in corporate management has become a corporate obligation. CSR is increasingly being embedded into the corporate mission, strategy and actions of organisations.

For a long term survival, CSR has been adopted as a corporate routine. Strategic CR is whereby an organisation achieves sustainability in such a way that its CSR actions have become part and parcel of the way in which a company carries out its business. Its links to the bottom line of a company has been laid out clearly simply because, if it does not contribute to the bottom line, it will eventually be rejected by other stakeholders of the organisation.



Source: ICR Malaysia, Starbiz (26 January 2008)

Figure 4. From philanthropy to corporate responsibility

Listing Status

The total number of registered companies in Malaysia has been increasing from year to year until 2007 (see table 1). The more companies registering, the more contributions can be made towards Malaysian economy and probably in social responsibility too.

Table 1. Total number of local and foreign registered companies in Malaysia

	Local	Foreign	Total	Total Registered Companies
Until December 2005	713,822	4,131	717,953	3,064,706
2006				
Q1	9,054	10	9,064	50,126
Q2	10,782	15	10,797	51,062
Q3	9,516	7	9,523	56,154
Q4	8,900	9	8,909	58,805
Until December 2006	752,074	4,172	756,246	3,280,853
2007				
Q1	9,831	10	9,841	59,000
TOTAL	761,905	4,182	766,087	3,339,853

Source: Suruhanjaya Syarikat Malaysia (2007)

Stakeholders in different countries have various interests and power and might assert different demands from companies (Haniffa & Cooke 2005). According to Andrew et al. (1989), there are a few consumers and interest groups that are powerful enough to demand on social responsibility in developing countries like Malaysia. Therefore, companies listed on domestic capital market in developing countries would not disclose a lot of social information due to lack of rules and regulations and also public awareness. Things are different in developed countries,

whereby companies have to comply with rules and regulations regarding such information and to apply good practices in favour of various interest groups. KLSE listed companies range from GLC, to MNC and other big local companies. These listed corporations can be defined as big corporations since their paid-up capital should be at least RM 10 million and they should not be included in the definitions of small and medium-sized enterprise (SME)(British Malaysian Chamber of Commerce 2006). Therefore, a hypothesis is postulated as follows:

H1: There are significant differences between listing status in the extent of CSR practices.

Government Linked Corporation

A **government linked corporation (GLC)** is a corporate entity that may be a private or public listed on a stock exchange in which an existing government owns a stake using a holding company. There are two main definitions of GLCs, which are dependent on the proportion of the corporate entity a government owns. One definition suggests that a company is classified as a GLC if a government owns an effective controlling interest or more than 50%, while the second definition suggests that any corporate entity that has a government as a shareholder is a GLC (Wikipedia 2005). GLC is different from government-owned corporation in terms of holding power by the government. Government-owned corporation is a legal entity created by a government to exercise some of the government's powers. It may resemble a not-for-profit corporation as it has no need or goal of satisfying the shareholders with return on their investment through price increase or dividends (Wikipedia 2005). Examples on GLC are Dubai Holding, Future Fund (Australia), Government of Singapore Investment Corporation (GIC), Korean Investment Corporation, Temasek Holdings (Singapore) and Telekom Malaysia.

Though the practice of CSR is still in the early stage the concept has been much appreciated by most of the government-linked corporations. The practice has been increasingly important as a strategy towards sustainable business development. In general, the aim of government-linked corporation is to improve the living of Malaysian and contributes towards nation development. They uphold the principle of giving back to community. The profits they earned are not only for the companies' benefits, but also for the nation as a whole. The strategies and programmes undertaken vary accordingly but with one goal that is to improve and enhance the quality of life in terms of safety, health and environment.

Multinational Corporation

Multinational corporations are companies or enterprises that operate in a number of countries and have production or service facilities outside the country of its origin. While still maintaining a domestic identity and a central office in a particular country, the aim is to maximize profits on a worldwide basis. As world is encouraging on international business, therefore, multinational corporations are among the major participants in business activities. Examples of multinational corporations are Nestle, Shell and Microsoft.

Multinational listing on KLSE consists of:

- a) Malaysian-incorporated companies with substantial operations abroad and controlled or owned by Malaysians;
- (b) Foreign-incorporated companies with substantial operations abroad and controlled or owned by Malaysians;

- (c) Foreign-incorporated companies with substantial operations in Malaysia and controlled or owned by Malaysians; and
- (d) Foreign-incorporated companies with substantial operations in Malaysia and controlled or owned by foreigners.

Source: Securities Commission (19 September 2003)

Most multinational companies that were established in Malaysia have interesting business philosophies on CSR. They started with business philosophy as a principal and guideline towards CSR's implementation. Though companies came from various nature of businesses, their aimed are similar which is to recognise the need of making business decisions that demonstrate economic, social and environmental responsibilities for the stakeholders which consist of employees, community, business partners, suppliers, customers, government and shareholders. These companies bring benefits to society through wealth generation, employment, skill development and transfer and community initiatives. The words they committed are evident by the policies, strategies and innovative programme with further establishment and improvement on the social, economics and environmental issues.

There are various policies, strategies and programmes which have been implemented by multinational companies that can be shared and useful as an acknowledgement of CSR's practices in the business and thus, continuously contributing to the sustainable development. Among the best practice of CSR can be reflected by the strategies, which differs by environmental and social scopes.

Small and Medium-Sized Enterprises

Small and medium-sized enterprises (SME) play an important role in Malaysian Economy. The term SME is also synonymous to small and medium-sized industries (SMI). SMEs are the engine of economic growth which also representing the key source of endogenous growth. SMEs are also the impetus for the country's broad based economic development. The Malaysian government has given a priority on development of SMEs. In Malaysia, SME is usually in the form of private limited company, partnership and sole-proprietorship.

There is no standard definition of SMEs in Malaysia. However, Small and Medium Industries Development Corporation (SMIDEC) defined SME based on the number of employees, amount of capital, total assets and sales turnover. SMEs can be categorised into three broad sectors namely manufacturing, agriculture and services. In addition, this definition corresponded with the National SME Development Council, which became operational in December 1994. SMEs in Malaysia are defined in terms of annual sales turnover or its number of full-time employees.

Table 2. SME definition based on annual sales turnover

Size	Industry		
	Manufacturing (including agro-based & manufacturing related services)	Primary agriculture	Services sector (including ICT)
Micro	< RM250,000	< RM200,000	< RM200,000
Small	Between RM250,000 and < RM10m	Between RM200,000 and < RM1m	Between RM200,000 and < RM1m
Medium	Between RM10m and RM25m	Between RM1m and RM5m	Between RM1m and RM5m

(SMIDEC, 2006)

Table 3. SME definition based on full-time employees

Size	Industry		
	Manufacturing (including agro-based & manufacturing related services)	Primary agriculture	Services sector (including ICT)
Micro	< 5 employees	< 5 employees	< 5 employees
Small	Between 5 and 50 employees	Between 5 and 19 employees	Between 5 and 19 employees
Medium	Between 51 and 150 employees	Between 20 and 50 employees	Between 20 and 50 employees

(SMIDEC, 2006)

Since SMEs are a part of business entities populations in Malaysia, therefore, their contributions towards society should be taken into considerations. Limited capacity, money and other resources may hinder SMEs from adopting CSR into their business operations. SMEs might have adopted CSR at some level of implementation, but this is however, need to be verified in the study. Social responsibility is usually done in an informal way and sometimes unconsciously by SMEs. It could be the terminology or definition of CSR itself that could hinder SMEs from truly understands and engages in CSR (Jenkins 2005). CSR tools such as codes of conduct and supply chain standards are usually excluding SMEs in developing countries (Fox 2005). Therefore, there should be new ways in making CSR to be more relevant for SMEs.

Jenkins (2004) found that SMEs feel most pressure and influence on CSR matters from customers and employees and barriers to CSR are time and money. Time, resources and delivery pressures are often preventing SMEs in getting involved in what they see as new activities (smekey.org). A recent study on social responsibility among SMEs in Malaysia as commissioned by the ACCA concluded that “SMEs are more concerned with profitability and less concerned with the impact of their operations on the community, customers and employees.” (Tay 2006). According to a survey by the European Commission, the commonly perceived barriers for SMEs in getting involved with CSR are:

1. Lack of time
2. Lack of motivation
3. Insufficient resources and capabilities

4. Not knowing how to encourage in social responsibility or inability to see suitable opportunity
5. Not feeling in touch with local needs
6. Perception that community involvement is not related to business

Studies about SME practices in CSR are still inconclusive and limited. Therefore, this study will explore on the extent of CSR practices among SMEs in Malaysia.

2.5 Size of organisation

Haniffa & Cooke (2005) found that size of organisation influences the level of corporate disclosure in the annual report. Large organisations undertake more activities and have greater impact on society. Besides, larger organisations are susceptible to scrutiny by various groups in society and thus, face greater pressure to disclose their social activities in order to be legal and socially responsible (Cowen et al. 1987).

In their study, Haniffa & Cooke (2005) used total assets as proxy for size of organisation. Besides, size of organisation can also be defined based on SMIDEC's (2006) definitions which use number of full-time employees besides of annual sales turnover to differentiate between SMEs scale and their nature of business.

Thus, a hypothesis is postulated as follows:

H2: Size of organisation has a positive relationship with the extent of CSR practices.

METHODOLOGY

A total of 500 companies are selected based on the quota sampling that comprises of 25 GLCs, 50 multinational corporations, 50 other Malaysian corporations and 375 SMEs. Excluding SMEs, corporations are currently listed on Kuala Lumpur Stock Exchange (KLSE) and other world stock markets particularly for multinational corporations. These companies are selected from several categories of industry, which is adapted from KLSE listing namely manufacturing, trading/retail, construction, technology/ICT, infrastructure, plantations, hotels and finance.

There are three major industries for SME as categorised by SMIDEC; services, manufacturing and agricultural. Each of industries is further segregated into sub-industries because of the heterogeneous nature of SMEs based on the 2005 Census on Establishments and Enterprises done by National SME Development Council:

Table 4. Three main sectors for SME in Malaysia

Industry	No. of establishment	%	Suggested Sample Size
Manufacturing	37,866	7.3	27
Services	449,004	86.5	324
Agriculture	32,126	6.2	24
TOTAL	518, 996	100.0	375

Source: Bank Negara Malaysia

Data were collected using survey questionnaires method. Mail-survey questionnaires were sent to the selected GLC, MNC, NC and SME. The chosen MNC in this study involves foreign-incorporated companies with substantial operations in Malaysia and controlled or owned by foreigners. Since many SMEs do not have formal annual reports, mail-questionnaire is a method to elicit relevant data. Mail questionnaire is able elicit data on CSR practices and other relevant aspects of study which might not be reported in annual reports. This might cover a wider understanding on current CSR practices among corporations such as details of CSR expenses, demographic backgrounds of CSR decision maker (respondent), importance placed on different stakeholders, challenges in pursuing CSR, sources of pressure to be socially responsible and other relevant CSR policies. Respondent for the mail-survey is personnel who involves actively in CSR decision-making and disclosure of CSR activities. This included public relation and corporate communication personnel or even the chief executive officer (CEO) him/herself for smaller organisation like SME.

Measurement tools have face validity since questionnaires were tested by a group of expertise before distributed to respondents. A pre-testing of questionnaires was done prior to real survey. Pre-test was done to improve the understanding of potential respondents in the real survey. Improvements were made in terms of wording used, context of questions and structure of questionnaires.

RESULTS

Out of the total 500 questionnaires that had been distributed, only 36 were returned and usable which represents 7.2% response rate. The rest were not returned. Therefore, total number of respondents that had been analysed were 36 for all variables except industries, whereby one missing value was identified in the data. Other missing values were treated as standardised mean.

Table 5. *Profile of respondents*

Variable	Frequency	%
Listing Status		
Multinational Corporation (MNC)	2	5.6
Government-Linked Corporation (GLC)	2	5.6
Local Malaysian Corporation (NC)	4	11.1
Small & Medium-Sized Enterprise (SME)	28	77.8
Industries		
Manufacturing	18	51.4
Retail/Trading	9	25.7
Construction/Property development	1	2.9
Others (composite industries)	7	20.0
Size of organisation		
50 and below	18	50.0
51-100	10	27.8
101-150	1	2.8
151 & above	7	19.4

From table 5, 5.6% of respondents are both multinational corporations and government-linked corporations, 11.1% is local Malaysian corporations and 77.8% is small and medium-sized enterprises. In terms of industries, manufacturing sector has the largest proportion (51.4%),

followed by retail/trading (25.7%), other industries (20.0%) and construction / property development (2.9%). Other industries refer to the composite industries of which an organisation operates more than one main nature of industry. Regarding size of organisation, 50.0% is formed by company with 50 employees and below, 27.8% with 51-100 employees, 2.8% with 101-150 employees and 19.4% with 151 employees and above.

Reliability analysis is done to elicit the consistency reliability and the value of Cronbach's Alpha determines the variables' reliability and measures the consistency of a multiple item scale (Sekaran, 2003).

Cronbach's alpha reliability coefficients of the variables tested were all above 0.7. According to Sekaran (2003), alpha coefficients less than 0.6 is poor, those in the 0.7 range as acceptable, and those over 0.8 is good. Cronbach alphas varied from 0.76 to 0.91 for all the constructs, which is satisfactory for an exploratory study (Hair et al. 1998). Therefore, this shows that there is inter-item consistency reliability among the variables analysed.

Hypothesis Testing

Since data distributions were not normal, non-parametric test were run to test the hypotheses generated. Kruskal-Wallis K-Independent test was carried out between listing status, nature of industry and size of organisation for the variables involved.

Test of H1 (Listing status and the extent of CSR)

Results of Kruskal-Wallis K-Independent test showed that types of organisation have a significant difference in the extent of CSR practices (table 6). For overall commitment, MNC scored the highest mean, followed by GLC, NC and SME. However, GLC scored the highest mean in workplace policy, followed by NC, MNC and SME. For environmental policy, again, MNC scored the highest, followed by GLC, NC and SME. None of the listing status shows a significant difference in community policy. Therefore, H1 is almost supported.

Table 6. Differences in major variables by listing status

Variables	MNC (Mean)	GLC (Mean)	NC (Mean)	SME (Mean)	X²	p- value
Commitment	34.25	25.50	19.75	16.70	9.37	.03**
Workplace Policy	20.50	29.00	27.75	16.29	6.55	.09*
Environmental Policy	29.25	25.75	25.13	16.27	6.17	.10*
Community Policy	19.75	25.75	26.00	16.82	3.96	.27

**p<0.05 *p<0.10

Test of H2 (Size of organisation and the extent of CSR)

The size of organisation differs significantly with the extent of CSR (table7). In terms of overall commitment towards CSR, larger company (has 151 employees and above) has the highest scores. Company with 101-150 employees scored the highest in workplace and environmental policy while company with 50 and below employees scored the least in each variable. However, none of the organisation size shows a significant difference in community policy. Therefore, H2 is also almost supported.

Table 7. Differences in major variables by size of organisation (number of employees)

Variables	50 & below (Mean)	51-100 (Mean)	101-150 (Mean)	151 & above (Mean)	X ²	p- value
Commitment	18.00	14.35	19.00	25.64	7.24	.07*
Workplace Policy	17.00	14.40	32.00	26.29	7.54	.06*
Environmental Policy	15.56	17.25	34.00	25.64	7.28	.06*
Community Policy	19.08	13.00	26.00	23.79	5.38	.15

*p<0.10

DISCUSSION

The discussion revealed the findings behind the results of study. These findings are discussed based on research objectives, questions, previous findings, and other relevant areas.

Listing status and CSR practices

The extent of CSR practices is compared among different organisational listing status. These include government-linked corporations (GLC), multinational corporations (MNC), local Malaysian corporations (NC) and small and medium-sized enterprises (SME).

Government-linked corporations

Study found that GLC has a significant high policy adopted for workplace. Being increasingly important as a strategy towards sustainable business development, CSR practices by GLC are aimed to improve Malaysian living and to ensure nation development. CSR is held as the principle of giving back to the society by contributing profits generated for nation enhancement. Therefore, it can be seen that the motives for GLC doing CSR is not far apart from its philanthropy reason. Hence, in this study, GLC is found to be a good performer in CSR practices.

Multinational corporations

MNC started with business philosophy as a principal and guideline towards CSR implementation and would like to demonstrate economic, social and environmental responsibilities that benefiting its stakeholders.

By operating in more than one country, MNC imposes greater impact and faces massive pressures from more stakeholders. Countries whereby its people are highly socially responsible may demand more CSR practices by MNC. Therefore, best CSR practices initiated in countries in which CSR is an obligation and subjected to legal actions for non-conformance might be adapted into the operation of MNC in other countries. This may suggest the reason of high commitment exhibited by MNC as compared to other organisational listing status in Malaysia.

In environmental policy, MNC leads other organisations for almost the same reason for its highest commitment reported. Facing pressures from environmental groups and government in

some other countries, MNC prefers the safe side by ensuring its operations has a minimal impact to the environment. These practices are adopted as part of its environmental and safety practices in other regional counterparts.

Overall, it can be concluded that apart from philanthropic means, MNC seems to avoid legal actions for non-conformance in CSR. Having good image is posed as a motive by MNC by appeal pleasingly to various interest groups. Therefore, MNC is found to be an excellent CSR performer in this study.

Local Malaysian Corporation

Currently, there are not many studies done on measuring the extent of CSR practices among NCs. The increasing participation of NC in various CSR practices in the study had shown some indications. However, due to lack of public awareness and laws and regulations implemented in developing country like Malaysia, organisation would not disclose a lot of information on its societal and environmental activities. Moreover, there are not many interest groups in Malaysia that can assert pressure on organisation to be socially responsible as compared to developed countries. Thus, study found that NC is a steady CSR performer after MNC and GLC.

Small and Medium-Sized Enterprises

Among all, SME is lagging behind others in the overall CSR commitment, workplace policy and environmental policy. SME faces various obstacles in undertaking CSR activities in terms of financial, time and human capital. Due to the unclear terminology of CSR itself, SME might have been doing CSR unconsciously in an informal way. Besides, relevancy of CSR practices to SME is still being questioned since SME are always being excluded in the design of CSR tools in developing countries (Fox 2005) such as Malaysia. Tay (2006) asserts that SME are more concerned on profitability rather than the impact of their operations to the community, customers and employees. In other words, SME survival is mainly depended on the ability to generate enough revenue for sustaining its business operations and thus, CSR is not the main priority for doing business. This suggests on some reasons for SME to be the laggard in CSR performance as compared to other organisational listing status.

Size of organisation and CSR practices

The extent of CSR practices varies among different size of industry. Larger organisations tend to demonstrate more CSR activities rather than smaller organisation and this study agreed with related findings by other researchers (Cohen et al. 1987; Haniffa & Cooke 2005). The reason behind this is larger organisations face greater pressure from society to behave socially responsible and have greater impact on society. Besides, larger organisations usually have better financial positions and thus, enable a considerable numbers of CSR activities. Therefore, it can be concluded that larger organisation is usually undertaking more CSR activities in order to remain responsible and sustainable.

CONCLUSION

Findings from the study provide some consistencies with many earlier literatures. Both legitimacy and economic theory of CSR are supported to some considerable extents. Thus, it is useful to emphasize factors underlying both theories in order for organisations to generate more benefits from performing CSR activities.

Given basis of listing status, nature of industry and organisational size, organisations that highly perform CSR or vice-versa can be differentiated. A typical high CSR performer would have a great commitment and appropriate CSR policies in place. In addition, organisation which practices CSR would usually assign a person to handle CSR matters, allows freedom of expressions to employees by having collective bargaining, has environmental certifications and supports the practices of CSR even by small and medium-sized organisations like SME.

Organisation realised that the main benefit of CSR is to improve image and reputation and increased employee motivation. Organisation believes that in order to sustain its operations, shareholders should be given the most attention before customers and employees. Though, economic pressure is the main reason for organisation to pursue CSR. Nevertheless, the need to have good relationship with community, good image and profits are main aspects that drive organisation into CSR practices.

Implications of findings provide a clear view for managers in realising the roles of CSR in business sustainability. Findings too, will somehow benefiting the government by providing the latest status of CSR practices by organisations in Malaysia. Apart from limitations of study, more improvements can be done based on suggested areas for future research. Future research areas are to refine current study and to gauge bigger view on the extent of CSR practices by organisations in Malaysia.

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